

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7663

BILL NUMBER: HB 1890

DATE PREPARED: Jan 24, 2001

BILL AMENDED:

SUBJECT: Insurance Coverage for Childhood Immunizations.

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FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill requires coverage of a covered individual under a state employee health benefit plan, a policy of accident and sickness insurance, and a health maintenance organization (HMO) contract for childhood immunizations that are required under Indiana law without copayments, deductibles, coinsurance, or out of pocket expenses.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill potentially could increase the premium cost incurred by the state in providing health insurance benefits to state employees. The total cost of administering state-required immunizations for children covered under the state employee health plans is estimated to be approximately \$1.18 M per year. However, the current coverage generally provided by these plans for childhood immunizations suggests that the impact could fall within the range of \$230,000 to \$290,000. As to any premium increase, the state has, under an agreement with the state employees, agreed to pay 93.5% of any increase in the total premiums for both single and family coverage during the life of the agreement. Employees will pick up the remaining 6.5% of any increase.

Also, the bill potentially could decrease the number of children in the state who are currently covered by insurance but obtain publicly funded immunizations. The extent of the decrease is unknown.

Insurance Costs: The bill would require full payment of the cost of childhood immunizations under the state employee health plans, health insurance policies, and HMO contracts. According to State Department of Health pricing information, the full battery of required childhood immunizations costs approximately \$1,005 through private providers. The childhood immunizations required under Indiana law and their respective private sector costs are presented in the table below.

| Immunization | Total Doses | Private Sector Unit Price | Private Sector Total Cost |
|----------------------------|--------------------|----------------------------------|----------------------------------|
| Diphtheria/Tetnus/Pertusis | 5 | \$85.60 | \$428.00 |
| Polio | 4 | \$61.68 | \$246.72 |
| Measles/Mumps/Rubella | 2 | \$56.38 | \$112.76 |
| Hepatitis B | 3 | \$72.60 | \$217.80 |
| Total | | | \$1,005.28 |

As of November 2000, approximately 22,230 state employees were enrolled under family coverage in one of the state health plans. Based on statistical information from the U. S. Census Bureau it is estimated that approximately 12,016 children age 17 and under are covered under these plans, with a five year cohort age five and under totaling approximately 5,890. Since children would receive the different immunizations and doses throughout this five-year period, it is assumed that the equivalent of a full battery of state-required immunizations is administered to this cohort approximately 1,178 times per year. With the total cost per child equal to roughly \$1,005, the average annual cost of immunizations for the cohort is estimated to be approximately \$1.18 M. However, this does not necessarily mean that premium costs of the state employee health plans would increase by that amount. The actual impact on premiums would depend upon the extent to which the state employee health plans already pay for required childhood immunizations.

Currently, the six HMOs that provide health benefits to state employees cover childhood immunizations. Five of the six HMOs require only a \$5 copay and no deductible, and the remaining HMO requires no copay or deductible. Generally, this information suggests that the uncovered cost of the full battery of immunizations under these HMO's is about \$70 per covered child. What's more, about 76% of state employees enrolled in the state health plans use one of these HMOs. The state's self-insurance plan (which covers about 24% of the state employees enrolled in the state health plans) also covers childhood immunizations but requires a 20% copay and a \$400-\$600 deductible with an annual maximum for out-of-pocket expenses equal to \$2,400. This range assumes that the deductible is paid and the copay is paid for each immunization. Based on the coverage already provided for immunizations and the distribution between HMOs and the state self-insurance plan, the average annual uncovered cost of immunizations is estimated to be equivalent to \$230,000 to \$290,000.

Publicly Funded Immunizations: Local health departments provide childhood immunizations for approximately 27% of the children in Indiana. Some of these children may be insured but the insurance does not cover immunizations. Consequently, the bill's requirement that cost of immunizations be covered in full by insurance policies and HMO's could potentially reduce the number of children being immunized at local health department programs. According to State Health Department pricing information, the full battery of required childhood immunizations based on public sector unit prices is approximately \$501. The amount of state funding that is spent for this purpose is currently unknown.

The childhood immunizations required under Indiana law and their respective public sector costs are presented in the table below. The total per child public sector cost of the required immunizations is approximately \$501.

| Immunization | Total Doses | Public Sector Unit Price | Public Sector Total Cost |
|----------------------------|--------------------|---------------------------------|---------------------------------|
| Diphtheria/Tetnus/Pertusis | 5 | \$46.25 | \$231.25 |
| Polio | 4 | \$31.00 | \$124.00 |
| Measles/Mumps/Rubella | 2 | \$32.16 | \$64.32 |
| Hepatitis B | 3 | \$27.00 | \$81.00 |
| Total | | | \$500.57 |

Explanation of State Revenues:

Explanation of Local Expenditures: Similar to the state, increased premiums and enrollment fees may result in additional costs to local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. The cost of the full battery of required childhood immunizations is approximately \$1,005 per child. Again, the impact that this per child cost would have on premiums given the requirements of the bill would depend upon the extent to which the cost of immunizations is already paid by health plans. In addition, a premium increase resulting from the bill may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local Government Units and School Corporations.

Information Sources: Norma Selby, State Department of Health, 233-7573.
Population Projections for Indiana, 2001-2005, U.S. Census Bureau.
Current Population Report, 1998, U.S. Census Bureau.
National Immunization Program, Vaccines for Children (VFC),
Website at: <http://www.cdc.gov/nip/vfc/about.htm>.